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Lincolnshire
POLICE & CRIME
COMMISSIONER
SAFER TOGETHER

JOINT INDEPENDENT AUDIT COMMITTEE
5 April 2017
1.00pm – 3:50pm

PRESENT:

Members: Mr D Finch (Chairman), Mr J Cawdell, Mr J Gallagher, Mr I Haldenby, Mr D Matthew

Apologies: Mr G Knighton (Deputy Chief Constable), Mr A Williams (Research and Performance Officer), Mr A Cordoza (External Audit – KPMG), Mr David Hoose (Internal Audit – Mazars)

OPCC Officers: Ms J Flint (Chief Finance Officer), Mrs G Holder (Deputy Chief Finance Officer), Mr J King (Corporate Administration Officer)

Force Officers: Ms S Clark (Force Chief Finance Officer)

Also in Attendance: Mr J Machej (External Audit – KPMG), Mr B Welch (Internal Audit – Mazars)

01/17 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

02/17 MINUTES – 1 FEBRUARY 2017

Reference was made to Minute 51/15 regarding the implementation of recommendations made by the Anti-Fraud and Corruption Working Group. It remained unclear to Members how police staff and officers (including those on secondment) were made aware of fraud and how it could be reported. The Chairman requested that a briefing paper be prepared and circulated to Members in advance of the next ordinary meeting.

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Resolved:	Responsible Officer:
That: 1. a briefing paper be prepared and circulated to Members in advance of the next ordinary meeting to clarify how police staff and officers (including those on secondment) were made aware of fraud and how it could be reported; 2. the Minutes of the meeting held on 1 February 2017 be taken as read and signed by the Chairman as a correct record.	 DCC -

03/17 SUMMARY ACTION LOG

Ref 191: It was noted that Internal Audit would include a reminder to management that timescales should be realistic when seeking management responses to future audit reports. The Chairman stated that if this action did not have the required effect then the matter should be brought back to Committee.

Resolved:	Responsible Officer:
That the Summary Action Log be noted.	-

04/17 INTERNAL AUDIT: PROGRESS REPORT 2016-17 / DRAFT INTERNAL AUDIT STRATEGY 2017-20 / 2017-18 INTERNAL AUDIT PLAN

It was noted that whilst Ref 189 of the Action Summary provided details of the lead force for each regional collaborative audit, this information had been omitted from the progress report. The Chief Finance Officer (CFO) advised that the lead officer for EMOpSS had since moved on and a replacement appointed. It was confirmed that a response from the new incumbent was awaited in respect of the draft EMOpSS report.

Members considered the Internal Audit Service performance for the year to date, which had been measured against a number of key performance indicators including Customer Satisfaction. The Chairman requested that future updates highlight lessons that had been learned following customer feedback.

Concerns were raised as to the completeness of the list of formal partnerships and to the possible exposure to risks from other non-formal partnership arrangements. Members also noted that a recommendation made under the Payment and Creditors audit regarding the delegation of authority to approve invoices had been categorised as priority 2 (*significant*) and not priority 1 (*fundamental*). Members were clear that whilst it may have only been a single instance, it still represented the failure of a fundamental control. In light of the

concerns expressed by Members, the Internal Auditor undertook to provide the Committee with a full copy of the relevant report.

In reviewing the Internal Audit Plan 2017-18, Members queried why 10 days had been allocated for auditing the effectiveness of the Committee, whilst G4S partnership governance arrangements received just 7 days. The Committee was further concerned to note that Blue Light Collaboration hadn't been included in the Plan. The CFO agreed to provide Members with the rationale for omitting Blue Light. In noting that the Lincolnshire Road Safety Partnership (LRSP) had been included on the Plan, it was suggested that the County Council be approached with a view to undertaking a joint audit.

Resolved:	**Responsible Officer:**
That	
1. details of the lead force for each regional collaborative audit be included within the summary IA report;	IA
2. future IA updates highlight lessons learned following customer feedback;	IA
3. Members be provided with a full copy of the relevant Payment and Creditors audit report;	IA
4. the rationale for allocating more days for auditing the Committee than the G4S partnership governance arrangements be provided to Members;	IA
5. the rationale for omitting Blue Light Collaboration from the IA Plan 2017-18 be provided to Members;	CFO
6. Lincolnshire County Council be approached about undertaking a joint audit of the LRSP.	CFO

05/17 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

The current status of the Internal Audit recommendations was reviewed. It was noted that the latest Managers Update for the Pensions Audit bore no relation to the recommendation. The Force Chief Finance Officer (FCFO) undertook to clarify and update Members on the status of the recommendation.

The Chairman reminded Members that the Committee had previously suggested weighing seized cash to ascertain its value. However, he noted that this did not appear to have been considered by the force. The Deputy Chief Finance Officer (DCFO) undertook to raise the issue on behalf of the Committee.

Members referenced the priority 1 recommendation made in relation to the audit of EM legal Services. The FCFO assured the Committee that it would receive an update on the implementation of all recommendations from the 2016/17 Collaboration Audits at its next meeting.

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Resolved:	Responsible Officer:
That 1. the status of Rec 4.2 Pensions (July 2016) audit be provided to the Committee; 2. the Committee's suggestion that seized cash be weighed to ascertain its value be raised in response to Recs 4.2 and 4.4 Seized and Found Property (Sept 2016) audit; 3. the Committee receive an update on the implementation of all recommendations from the 2016/17 Collaborative audits at its next meeting.	 FCFO DCFO FCFO

06/17 EXTERNAL AUDIT: INTERIM REPORT

Resolved:	Responsible Officer:
That the report be noted.	-

07/17 APPOINTMENT OF EXTERNAL AUDITORS FROM 2018/19 AUDIT

The CFO advised that no additional costs were anticipated over and above the audit fee. Contracts were due to be awarded at the end of June 2017 at which point the overall cost and therefore the level of fees would become clear.

Resolved:	Responsible Officer:
That the update be noted.	-

08/17 EXTERNAL AUDIT INQUIRIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

The Committee was informed that the proposed responses detailed in the report had been prepared by the CFO and FCFO on behalf of the Police and Crime Commissioner (PCC) and Chief Constable. Following a number of queries and suggested amendments from members, the responses were noted.

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Resolved:	**Responsible Officer:**
That:	
1. the response provided in the Comments box for the Fraud category on page 6 of the Inquiries - Management document be amended to reflect that no instances of fraud had been proven in the last financial year;	CFO/FCFO
2. consideration be given to providing more detail in relation to internal controls within the Comments box for the Fraud category on page 3 of the Inquiries – Management document;	CFO/FCFO
3. a factual accuracy check be undertaken in respect of the response provided in the Comments box for the Related Parties category on page 13 of the Inquiries – Management document ("*Family and friends of key management...*");	CFO/FCFO
4. consideration be given to the response provided in the Comments box for the Operations category on page 1 of the Inquiries – Management document being amended to include reference to the Blue Light Project/Joint Police and Fire & Rescue Service Headquarters;	CFO/FCFO
5. the response provided in the Comments box for the Going Concern category on page 15 of the Inquiries – Management document be amended to read *"...organisation as **a** whole..."*	CFO/FCFO

09/17 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

Resolved:	**Responsible Officer:**
That:	
1. the significant governance issues (1 January to 22 March 2017) be noted;	-
2. the recommendation on future reports be *"to note compliance"*.	RPO

10/17 CODES OF CORPORATE GOVERNANCE

The CFO advised that the Codes of Corporate Governance for both the PCC and Chief Constable had been revised to bring them in line with changes made to the CIPFA/SOLACE *'Delivering Good Governance in Local Government'* framework

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in 2016. Members were invited to consider annotated copies of the revised codes. It was confirmed that both sets of Codes were published on the PCC and Chief Constable's websites.

Resolved:	**Responsible Officer:**
That:	
1. paragraph (1.1) of the Codes of Corporate Governance be amended to read *"...**Good** governance is about how organisations ensure..."*	CFO/FCFO
2. consideration be given to removing paragraph (3.1.2) within the PCC's Code of Corporate Governance;	CFO
3. future revisions to the Codes of Corporate Governance include track changes to assist the Committee.	CFO/FCFO

11/17 FINANCE REVIEW

The Chairman expressed his disappointment with the current iteration of the Action Plan as he had expected to see measurable outcomes and completion dates included. He further commented that *"plans to develop"* could not be accepted as an action. The FCFO advised that an updated Action Plan including revised timelines would be prepared for the next meeting. A number of additional resources were being recruited to help drive the project forward. The CFO advised that a Project Accountant appointed for Blue Light would also provide some additional capacity.

Resolved:	**Responsible Officer:**
That:	
1. the report be noted;	-
2. an updated Finance Review Action Plan with measurable outcomes and completion dates would be presented to the next Committee meeting.	FCFO

12/17 HMIC AREAS FOR IMPROVEMENT (AFI)

Members noted the high number of AFIs awaiting completion dates, assurance/confidence ratings and associated narrative. The CFO explained that the document had only been cleared some 3 weeks prior to the meeting, which hadn't given responsible officers sufficient time to fully populate the matrix.

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Resolved:	Responsible Officer:
That: 1. the report be noted; 2. the AFI matrix include completion dates.	 - DCC

13/17 PCC RISK REGISTER

Members commented on the lack of documentary evidence within New/Developing Controls to reflect activities that were being taken forward to mitigate risks. It was noted that a risk management review meeting was due to be held in mid-April 2017 to review the content of the Register. Members looked forward to receiving a refreshed version of the Register at their next meeting.

Resolved:	Responsible Officer:
That: 1. the PCC Risk Register be noted; 2. activity to mitigate risks be fully documented under New/Developing Controls.	 - RPO

14/17 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP

Members were invited to consider the latest draft version of the joint Assurance Map, which had a new 'thematic' format. Whilst work was progressing to fully populate the document, it was hoped that the new format would prove a significant improvement. The Chairman described the developments made to the Assurance Map as an excellent start.

The Committee also considered a draft protocol, which explained how the revised Assurance Map would be administered. This included a new role for the Force Risk Management Board in moderating the content and risk summaries.

Resolved:	Responsible Officer:
That: 1. developments with the PCC and CC Joint Assurance Map be noted; 2. consideration be given to providing a short preamble for each thematic;	 - RPO

3. consideration be given to re-naming the Financial Management section within the Financial Management thematic to avoid potential confusion.	RPO	3

15/17 AUDIT COMMITTEE FORWARD PLAN

The Committee reviewed the Forward Plan.

Members also received a short briefing on the forthcoming arrangements for selecting and appointing of a new Committee Chair.

Resolved:	**Responsible Officer:**
That the updated Forward Plan be noted.	-

EXCLUSION OF THE PRESS AND PUBLIC

16/17 OPERATION ARGO UPDATE

In noting the report, Members remained unclear about what had actually occurred and whether cultural issues had been a contributory factor. It was also difficult to identify what measures had been put in place as a consequence of that investigation. The Chairman suggested that the matter be raised for discussion at the forthcoming meeting with the PCC and Chief Constable scheduled for 27 April 2017.

Resolved:	**Responsible Officer:**
That issues arising from consideration of the Operation Argo update report be raised at the joint meeting with the PCC and Chief Constable on 27 April 2017 via the DCFO.	DCFO

17/17 LINCOLNSHIRE POLICE RISK REGISTER

The Committee reviewed risk management processes with reference to the Lincolnshire Police Risk Register.

Resolved:	**Responsible Officer:**
That the Lincolnshire Police Force Risk Register be noted.	-

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18/17 FEEDBACK ON MEETING

The Chair invited Members and officers to provide feedback on the meeting and to identify any issues of concern and/or suggest improvements going forward.

Resolved:	**Responsible Officer:**
That feedback be noted.	-

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CHAIRMAN